

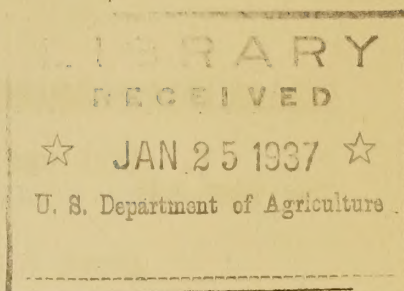
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Cotton Questions and Answers
(Preliminary draft)

January 12, 1937

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
SOUTHERN DIVISION

Washington, D. C.



COTTON

Questions and Answers 1/

The questions and answers concerning cotton which are contained in this leaflet are for use by farmers in connection with the 1937 Agricultural Conservation Program. It is believed that they will be found helpful in reaching conclusions as to the acreage of cotton which should be grown in 1937. The desirable acreage should be sufficient to afford an adequate supply, but should not be so large as to produce excessive surpluses that would jeopardize the cotton farmers' income by breaking prices. The desirable acreage should also make possible a trend away from one-crop exploitation of soil and toward conservation of soil fertility for the long-time benefit of producers and consumers.

County agents, teachers, and discussion leaders have in their possession cotton charts 1, 2, 3, and 4 which give United States and world cotton statistics in detail. Table 4, page ____ in this leaflet is of value for giving one a composite picture of cotton statistics for the past 5 years; the graph on page ____ is useful too because it shows the relationship of American supply and world supply to farm price. (Graph omitted from mimeograph)

1/ The statistical data contained in this leaflet were largely obtained from the Bureau of Agricultural Economics.

I. CONSUMPTION

United States Consumption of American Cotton

1. What was the United States Consumption of American Cotton for 1935-36?

About 6,221,000 bales.

2. How does the 1935-36 consumption compare with the domestic consumption of American cotton in previous years?

It is almost 1,000,000 bales above the consumption in 1934-35 and is about 294,000 bales above the average consumption for the 10-year period, 1923-24 - 1932-33.

3. What was the lowest and the highest annual domestic consumption of American cotton since 1920-21?

Lowest about 4,700,000 bales in 1920-21; highest about 6,900,000 bales in 1926-27.

Foreign Consumption of American Cotton

4. What was the foreign consumption of American cotton for 1935-36?

About 6,455,000 bales.

5. How does the 1935-36 foreign consumption compare with the foreign consumption of American cotton in previous years?

It is about 360,000 bales above the foreign consumption in the 1934-35 season and is about 1,100,000 bales below the average foreign consumption of American cotton for the 10-year period, 1923-24 - 1932-33.

6. What was the lowest and the highest annual foreign consumption of American cotton since 1920-21?

Lowest about 5,400,000 bales in 1920-21; highest about 8,900,000 bales in both the 1926-27 and the 1927-28 seasons.

World Consumption of American Cotton

7. What was the world consumption of American cotton for 1935-36?

About 12,676,000 bales.

8. How does the 1935-36 world consumption of American cotton compare with the world consumption of American cotton in previous years?

It is about 1,340,000 bales above the world consumption of American cotton in 1934-35, but it is about 800,000 bales below the average world consumption of American cotton for the 10-year period 1923-24 - 1932-33.

9. What was the lowest and the highest annual world consumption of American cotton since 1920-21?

Lowest about 10,000,000 bales in 1920-21; highest about 15,800,000 bales in 1926-27.

World Consumption of Foreign Cotton

10. What was the world consumption of foreign cotton for 1935-36?

About 14,123,000 bales.

11. How does the 1935-36 world consumption of foreign cotton compare with world consumption of foreign cotton in previous years?

It is about 230,000 bales greater than the consumption in 1934-35, and it is about 4,000,000 bales greater than the average for the 10-year period, 1923-24 - 1932-33.

12. What was the lowest and the highest annual world consumption of foreign cotton since 1920-21?

Lowest about 7,500,000 bales in 1920-21; highest about 14,123,000 bales as estimated in 1935-36.

World Consumption of all Cotton

13. What was the world consumption of all cotton for the 1935-36 season?

About 26,800,000 bales.

14. How does the 1935-36 consumption of all cotton compare with consumption of all cotton in previous years?

It is about 1,600,000 bales above the world consumption of all cotton in 1934-35, and it is about 3,300,000 above the average for the 10-year period, 1923-24 - 1932-33.

15. What was the lowest and the highest annual world consumption of all cotton since 1920-21?

Lowest about 17,600,000 bales in 1920-21; highest about 26,800,000 bales in 1935-36.

Outlook for Consumption of American Cotton

16. What are some of the factors that are closely associated with the rate of consumption of American cotton in the United States?

(1) Industrial production; (2) Employment; (3) Payrolls.

The following table contains data which should be helpful in determining the probable influence of these factors on the consumption of American cotton in the United States for the 1936-37 season.

Table 1.

Year	Index of -			
	U. S. Consumption of American Cotton <u>1/</u>	Industrial production <u>1/</u>	Factory Employment <u>1/</u>	Payrolls <u>1/</u>
	Percent	Percent	Percent	Percent
First 4 months of 1936-37	124	110	94	86
1935-36	102	97	88	77
<u>2/</u> 10-year average	101	98	99	96

1/ 1923-25 = 100.

2/ 1923-24 - 1932-33.

17. What is the outlook for United States consumption of American cotton in the 1936-37 season?

Domestic consumption of American cotton during the first four months (August-November) of the present season was 2,424,000 bales compared with 1,884,000 bales for the corresponding period in 1935-36, and 1,960,000 bales, the average consumption for the corresponding period in the 10 year period 1923-24-1932-33.

This rate of domestic consumption and upward trends in employment, payrolls, industrial production, and farm income, etc., indicate that domestic consumption for this year may exceed that of last year.

18. What are some of the factors that may influence the consumption of American cotton in foreign countries in 1936-37?

Consumption of American cotton in foreign countries depends to a considerable extent upon (1) general business conditions and expenditures for war supplies, (2) the availability and prices of American cotton in relation to the supply and prices of foreign cottons and competing fibers, and (3) trade arrangements including reciprocal agreements, foreign exchange restrictions, and tariffs.

19. What is the outlook for consumption of American cotton in foreign countries in the 1936-37 season?

Consumption of American cotton in foreign countries during the first four months (August-November) this season was 1,651,000 bales compared with 2,102,000 bales during the same period last season, and 2,681,000 bales during the 8-year period 1925-26-1932-33. (Foreign consumption of American cotton on a monthly basis not available prior to 1925.)

It seems likely that larger supplies of foreign cotton, increased output of competing fibers, and the continued shortage of foreign exchange in some countries, together with tariff, and barter arrangements for the purchase of foreign cotton, will result in decreased consumption of American cotton in foreign countries in 1936-37 as compared with 1935-36. This decrease will tend to offset the expected increase in consumption in the United States.

Cotton producers must remember that the whole crop must be sold in the world market at world prices.

20. What is the outlook for consumption of all cotton in 1936-37?

The following factors indicate a very high level of world consumption of all kinds of cotton in the 1936-37 season:

(1) If present high rate of domestic mill activity continues through the rest of the season, cotton consumption in the United States in 1936-37 will be materially larger than last season and establish a new high;

(2) A level of mill activity and cotton consumption in United Kingdom as high or higher than last season, and well up toward the pre-depression average;

(3) Some slight or moderate improvement on the continent of Europe especially in those countries which have recently devalued their currencies;

(4) And as large or perhaps larger consumption than last year in the Orient as a result of prospects for a continued heavy consumption of cotton in Japan and India and the recent considerable improvement in the Chinese cotton textile industry.

II. CARRY-OVER

World Carry-Over of American Cotton

21. What is the world carry-over of American cotton for 1936-37?

On August 1, 1936, the world carry-over of American cotton was 7,000,000 bales.

22. How does the 1936 carry-over compare with carry-overs of previous years?

This is the smallest carry-over since the carry-over of 6,300,000 bales in the 1930-31 season and is 2,000,000 bales smaller than the August 1, 1935 carry-over, but is almost 1,000,000 bales greater than the average carry-over for the 10-year period from 1923-24 - 1932-33.

23. How does the 1936-37 carry-over compare with the carry-over on August 1, 1932?

It is 6,000,000 bales smaller than the August 1, 1932 carry-over, which was 13,000,000 bales.

24. What carry-over of American cotton will there probably be on August 1, 1937?

If consumption should be the same in the 1936-37 season as in the 1935-36 season, the carry-over will be approximately 6,700,000 bales. However, if consumption for the 1936-37 season is 13,000,000 bales which is a long-time average, the carry-over on August 1, 1937 would be about 6,400,000 bales, which would be 400,000 bales above the average annual carry-over of 6,000,000 bales for the 10-year period 1923-24 to 1932-33.

World Carry-over of Foreign Cotton

25. What is the world carry-over of foreign cotton for 1936-37?

About 5,200,000 bales.

26. How does the 1936-37 carry-over compare with the carry-over of foreign cotton in previous years?

It is over 1,000,000 bales greater than the average for the 10-year period 1923-24 through 1932-33, and is about 397,000 bales greater than the 1935-36 carry-over.

World Carry-Over of All Cotton

27. What is the world carry-over of all cotton for 1936-37?

It is estimated at 12,200,000 bales.

28. How does this 1936-37 carry-over compare with previous years?

It is about 4,800,000 bales less than the 1932-33 carry-over and is about 1,600,000 bales smaller than the 1935-36 carry-over, but is 2,000,000 bales in excess of the average for the 10-year period of 1923-24 through 1932-33.

III. PRODUCTION AND YIELD

American Cotton

29. What was the production of American cotton in 1936-37?

It is estimated at about 12,400,000 bales.

30. How does the 1936-37 production compare with production of previous years?

It exceeds the 1934-35 crop by about 2,800,000 bales and the 1935-36 crop by about 1,800,000 bales. Since 1920-21 only three other crops besides these three (1934, 1935, and 1936) have fallen below 13,000,000 bales.

31. What has been the lowest and the highest production of American cotton since 1920-21?

Lowest about 7,900,000 bales in 1921-22; highest about 18,000,000 bales in 1926-27.

32. What was the yield of American cotton in 1936?

It was 197.6 pounds per acre as of December 1 estimate.

33. How does the 1936 yield compare with yields of previous years?

It is 11.3 more than the yield in 1935-36 and is 27.7 more than the average for the ten-year period 1923-24 to 1932-33.

34. What was the average yield per acre for the period of the adjustment programs (1933, 1934, 1935, and 1936)?

It was 192.0 pounds.

35. How does this yield compare with that of the previous 10 year period?

It is 22.1 pounds more than the 169.9-pound average yield for the 10 year period 1923-24-1932-33; it is 55.6 pounds more than 136.4 pounds, the 1923-24 yield, which was the lowest for the period; and it is 19.5 pounds less than 211.5 pounds, the 1931-32 yield, which was the highest for this period.

36. What factors indicate that a higher average yield per acre may be expected since the adjustment program has been in effect?

Some of these factors are:

(1) Cotton acres have been measured under the adjustment

program. It has been found that the measured or actual crop acreage is somewhat less than the acreage previously estimated.

(2) With the emphasis that is now placed on soil-conservation it is expected that the relatively less productive acreage on a farm will be diverted to soil-conserving uses.

(3) With less acreage and, therefore, relatively more plentiful labor it may be expected that the cotton crop will be cultivated more thoroughly.

(4) The soil-conserving practices which farmers are adopting under the Agricultural Conservation Program should increase the productivity of the land on cotton farms.

Foreign Cotton

37. What is the production of foreign cotton likely to be in 1936-37?

It is estimated to be about 17,500,000 bales.

38. How does the 1936-37 foreign production compare with production of previous years?

It is almost 1,600,000 bales greater than the 1935 production; it is about 4,500,000 bales greater than the average for the preceding 5 years (1931-35), and it is about 6,300,000 bales greater than the average for the 10-year period, 1923-24 - 1932-33.

39. What has been the lowest and the highest production of foreign cotton since 1920-21?

Lowest about 7,500,000 bales in 1921-22; highest about 17,500,000 bales as estimated for 1936-37.

All Cotton

40. What is the world production of all cotton likely to be in 1936-37?

About 29,900,000 bales.

41. How does the production in 1936-37 compare with world production of previous years?

It is about 3,400,000 bales more than the 1935 production and it is about 4,300,000 bales greater than the average world production for the 10-year period, 1923-24 - 1932-33.

42. What has been the lowest and the highest production of cotton since 1920-21?

Lowest about 15,400,000 bales in 1921-22; highest about 29,900,000 bales as estimated for 1936-37.

IV. SUPPLY

American Cotton

43. What is the estimated supply of American Cotton for 1936-37?

About 19,400,000 bales.

44. How does the 1936-37 supply compare with supplies of American cotton in previous years?

It is about 240,000 bales less than in 1935-36; about 1,000,000 bales less than the average for the 10-year period, 1923-24 - 1932-33; it is 5,200,000 bales less than the supply in 1933-34 (after the plow-up campaign in 1933 prevented the harvesting of approximately 4,500,000 bales), and it is about 6,600,000 bales less than the supply in season of 1931-32 and of 1932-33.

Foreign Cotton

45. What is the world supply of foreign cotton for the 1936-37 season?

It is estimated at 22,700,000 bales.

46. How does the 1936-37 supply of foreign cotton compare with supplies in previous seasons?

It is about 2,000,000 bales more than the 1935-36 supply, and it is about 7,350,000 bales greater than the average supply for the 10-year period, 1923-24 - 1932-33.

All Cotton

47. What is the world supply of all cotton likely to be for 1936-37?

It is estimated at 42,100,000 bales.

48. How does the 1936-37 supply compare with supplies of all cotton in previous years?

It is about 1,800,000 bales more than the supply in 1935-36, and is about 6,300,000 bales more than the world average supply for the 10-year period, 1923-24 - 1932-33; but it is about 700,000 bales below the world supply in the 1933-34 season. (The potential supply for the 1933-34 season was reduced approximately 4,500,000 bales by the plow-up program).

V. VALUE OF AMERICAN COTTON

49. What is the farm price for cotton in 1936-37?

August, 12.2 cents; September, 12.5 cents; October, 12.2 cents; November, 12.0 cents; December, 12.3 cents.

50. How do these prices compare with the average farm prices of previous years?

In the 1935-36 season it was 11.1 cents; in 1934-35, 12.4 cents; 1933-34, 10.2 cents; 1932-33, 6.5 cents; it was 16.0 cents for the 10-year period, 1923-24 - 1932-33.

51. What has been the lowest and the highest average yearly farm price of cotton since 1920-21?

Lowest, 5.7 cents in 1931-32; highest, 28.7 cents in 1923-24.

52. Will the change in supplies of foreign cotton affect materially the price of American cotton?

If supply of foreign cotton should continue to increase relative to American cotton, it would become increasingly influential in determining the world price of all cotton.

53. What is likely to be the cash income from cotton (lint and seed, also including adjustment payments) for 1936-37?

It is estimated at \$1,008,000,000.

54. How does this cash income in terms of purchasing power compare with cash income of previous years?

This comparison is shown in the following table:

Table 2-- Cash income and purchasing power of farmers from cotton

Year Beginning August 1	Cash Income (In millions of dollars)			Purchasing Power of		
	Cotton and Cottonseed	Benefit Payment	Total	Paid by Farmers (1910-14 = 100)	Total Cash Income (In millions of dollars)	
1925-29(av.)	1,461	--	1,461	153	955	
1930-31	751	--	751	137	548	
1931-32	528	--	528	117	451	
1932-33	464	--	464	103	450	
1933-34	716	179	895	118	758	
1934-35	706	116	822	126	652	
1935-36	728	161	859	122	704	
1936-37 ^{1/}	2/ 885	123	1,008	127	794	

^{1/} Preliminary - based on estimates calculated from data of the first four months.

^{2/} Cash income from seed estimated by Southern Division.

It is noted that the purchasing power of cotton farmers in 1936-37 was \$90,000,000 more than in 1935-36, but \$161,000,000 less than the purchasing power for the 5 year period 1924-25 - 1928-29.

55. How does the purchasing power of the cash income from lint in 1936-37 compare with that of 1910-14?

The estimated cash income from the lint of the 1936-37 crop (including benefit payment) is \$883,386,000 which is equivalent to \$695,580,000 in terms of purchasing power of the 1910-14 level. The average cash income from lint in the 1910-14 period was \$765,527,000. Therefore, the purchasing power of the cash income from lint in 1936-37 is 9 percent less than it was in the 1910-14 period.

VI. ACREAGE IN THE UNITED STATES

56. What is the estimated acreage of cotton to be harvested in 1936-37?

About 30,054,000 acres as estimated December 1, 1936.

57. How does the 1936 acreage compare with the harvested acreage of previous years?

It is about 2,200,000 acres more than the average of 27,860,000 acres harvested during the 3-year period, 1933-34 to 1935-36, and it is almost 10,500,000 acres less than the average of 40,500,000 acres for the 10-year period, 1923-24 to 1932-33.

58. What was the total base acreage for cotton in the United States in 1936-37?

About 44,500,000 acres.

59. What percentage of the total base acreage for cotton was the base acreage for cotton which was under the 1936 Agricultural Conservation Program?

About 80 percent.

60. Under the provisions of the 1936 Agricultural Conservation Program what was the maximum percentage of the individual farm base acreage of cotton which could be diverted for payment?

Thirty-five percent, except in case of producers whose base acreage was small.

61. What is the maximum percentage of the individual farm base acreage of cotton for which a Class I payment will be made for diversion under the 1937 Agricultural Conservation Program?

Thirty-five percent, except for producers with a small base acreage.

62. How much cotton should be grown in 1937 in order to maintain the average supply of American cotton?

A study of Table 4, page 14 and the answers to question 17, 18, 19 and 24 will assist in reaching a conclusion. If it is assumed that consumption during the 1936-37 season will be about 12,500,000 bales, the carry-over would be about 5,900,000 bales as compared to an average carry-over of about 5,300,000 bales for the period 1921-22 to 1930-31. With this carry-over a crop of about 12,500,000 bales in 1937 would give a supply equal to the average of 18,470,000 bales for the 10-year period, 1921-22 to 1930-31.

63. What acreage of cotton in the United States will be required to produce the bales of cotton which you estimate should be produced in 1937?

A study of Table 3, page 13 and answers to questions 29, 33, 34, 35 and 36 will be helpful in arriving at the answer to this question. Table 3 shows the estimated acreage which would be required to produce various sized cotton crops under varying yields per acre. For instance, at an estimated yield of 200 pounds per acre 28,680,000 acres are required to produce a 12-million bale crop, and an estimate of 33,460,000 acres at the same yield is required to produce a 14-million bale crop.

64. What percentage of the United States base acreage of 44,500,000 acres is the acreage which you estimate will be required to produce the desired number of bales?

This can be calculated by dividing the acreage which you have decided to be the amount planted in 1937 (see question 63 by the base acreage of 44,500,000 acres and multiplying the result by 100. For instance: $28,680,000 \div 44,500,000 \times 100 = 64.4$ percent; $33,460,000 \div 44,500,000 \times 100 = 75.2$ percent.

65. What acreage should an individual producer plant in 1937?

Every cotton producer will answer this for himself, but, as against the disadvantages of a probably smaller cash return on the delivered acres, he should consider carefully the benefits that he may derive from participating in the 1937 Agricultural Conservation Program. Some of the more important benefits are: (1) The farmer receives conservation payments; (2) the diverted acres produce conserving crops that may be used for food and feed stuffs; (3) soil fertility is conserved; (4) the cost of producing cotton on the diverted acres is saved; and (5) a better price for cotton.

An example 1/ of how conservation payments to an individual farmer may be estimated is as follows:

1. Individual farmer's cotton base _____
2. Individual farmer's acres to be diverted _____
3. Diversion payment: Diverted acres _____ X yield
_____ X 5¢ = _____

4. Soil-building allowance: Normal acres conserving crops
+diverted acres _____ X \$1.00 = _____
5. Soil-building payment: Calculate farmer's 1937 soil-
building payments from soil-building practices and
rates of payments listed in S.R. Leaflet 101.
6. Add items 3 and 5 above: 3 _____ + 5 _____ =
_____ total estimated conservation payment for
this farm.

1/ Type case to use: cash crop, cotton only; general soil-depleting
crops, not in excess of farm needs; open pasture, not in excess
of 50 percent of total cropland.

Table 3 - Harvested acreage required to produce 10 to 15 million bales
of cotton at different yields per acre

Yield per acre	Harvested acreage required at varying yields to produce -					
	10 million bales	11 million bales	12 million bales	13 million bales	14 million bales	15 million bales
<u>Pounds</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>
150	31,870	35,057	38,244	41,431	44,618	47,805
155	30,840	33,924	37,008	40,092	43,176	46,260
160	29,690	32,868	35,856	38,844	41,832	44,620
165	28,970	31,867	34,764	37,661	40,558	43,455
170	28,120	30,932	33,744	36,556	39,368	42,180
175	27,310	30,041	32,772	35,503	38,234	40,965
180	26,560	29,216	31,872	34,528	37,184	39,840
185	25,840	28,424	31,008	33,592	36,176	38,760
190	25,160	27,676	30,192	32,708	35,224	37,740
195	24,510	26,961	29,412	31,863	34,314	36,765
200	23,900	26,290	28,680	31,070	33,460	35,850
205	23,320	25,652	27,984	30,316	32,648	34,980
210	22,760	25,036	27,312	29,589	31,864	34,140
215	22,230	24,453	26,676	28,899	31,122	33,345

Table 4. --Consumption of American cotton, consumption, carry-over, production supply, and acreage of all cotton, and the farm price of United States cotton, for 1932-33 to date, and the 10-year average 1923-24 to 1932-33

MILL CONSUMPTION OF AMERICAN COTTON						
Item	10-year average 1923-24- 1932-33	1932-33	1933-34	1934-35	1935-36	1936-37 ^{1/}
	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>
(United States	5,927	6,004	5,553	5,241	6,221	-
In (Foreign countries	7,549	8,167	7,981	6,098	6,455	-
(World	13,476	14,171	13,534	11,339	12,676	-
MILL CONSUMPTION OF ALL COTTON ^{2/}						
	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>
American	13,476	14,171	13,534	11,339	12,676	-
Foreign	10,057	9,812	11,215	13,894	14,123	-
World	23,533	23,983	24,749	25,233	26,799	-
CARRY-OVER OF ALL COTTON						
	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>
American	6,024	12,960	11,588	10,634	9,009	7,000
Foreign	4,155	4,071	4,539	5,602	4,803	5,200
World	10,179	17,031	16,127	16,236	13,812	12,200
PRODUCTION OF ALL COTTON						
	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>
American	14,414	13,003	^{3/} 13,049	9,636	10,638	12,400
Foreign	11,195	10,937	13,651	14,164	15,862	17,500
World	25,609	23,940	26,700	23,800	26,500	29,900
SUPPLY OF ALL COTTON						
	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>	1,000 <u>bales</u>
American	20,438	25,963	^{3/} 24,637	20,270	19,647	19,400
Foreign	15,350	15,008	18,190	19,766	20,665	22,700
World	35,788	40,971	^{3/} 42,827	40,036	40,312	42,100
ACREAGE OF ALL COTTON						
	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>
American	40,509	35,891	29,383	26,866	27,335	30,054
Foreign	40,361	40,809	45,217	46,734	48,665	-
World	80,870	76,700	74,600	73,600	76,000	-
FARM PRICES TO UNITED STATES PRODUCERS						
	Cents	Cents	Cents	Cents	Cents	Cents
Price of cotton lint per pound	16.0	6.5	10.2	12.4	11.1	4/12.3

^{1/} Preliminary.

^{2/} Mill consumption based on reports of the International Federation except for the United States which are from Bureau of Census reports.

^{3/} Does not include the 4,500,000 bales taken out of production in the 1933 program.

^{4/} Average price for crop marketing season to December 1, 1936.